NESVICK
TRADING GROUP, LLC

Monday, January 26, 2026
NTG Morning Comments
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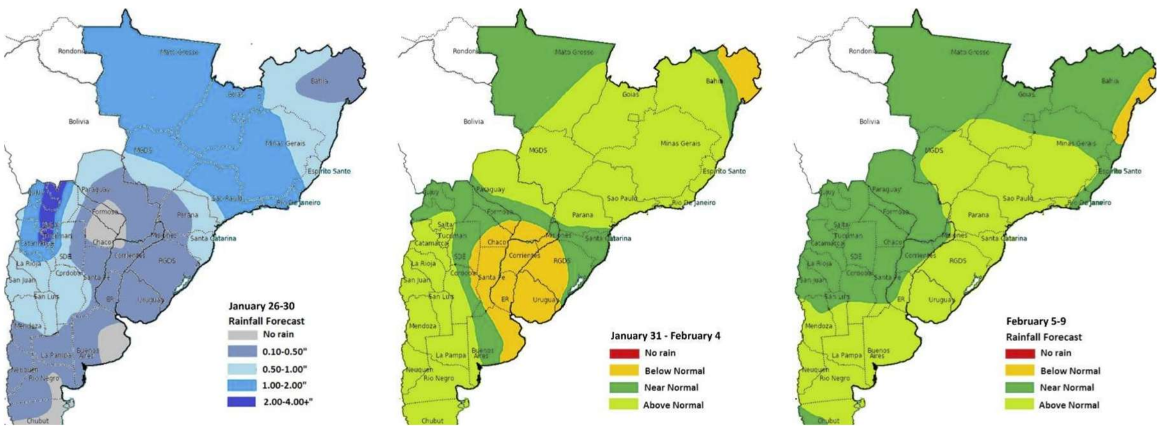
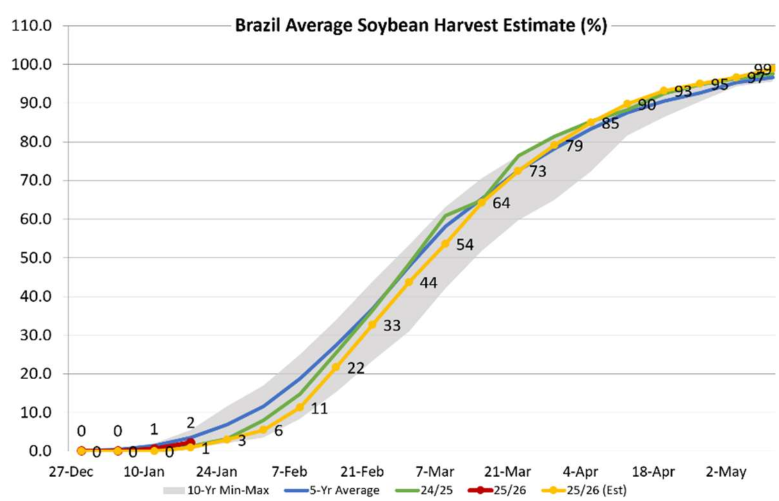
Weather

Northern Brazil will see near-normal rainfall in the 1-5 day period before transitioning to a wetter pattern in the 6-10 day window, which will likely induce minor delays to the soybean harvest in Mato Grosso that is currently running ahead of the five-year average. In contrast, southern Brazil and Paraguay remain largely dry and hot through the 1-5 day period with temperatures climbing into the 90s, though models continue to consistently forecast a return to near-normal rainfall levels during Week Two. The pattern in Argentina remains sharply divided for the next ten days, with beneficial moisture favoring western provinces like Córdoba and La Pampa, while key eastern growing areas such as Entre Rios and northeastern Santa Fe face a concurrently dry and warm anomaly that will persist until widespread precipitation finally returns in the 11-15 day period.

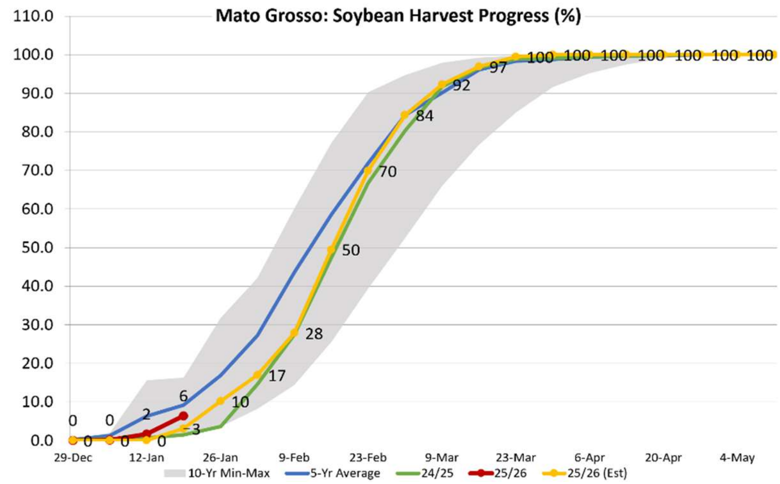


The significant winter storm system impacting the eastern Corn Belt this weekend has come to an end, ushering in an exceptionally dry pattern characterized by precipitation totals running less than 50% of normal across the vast majority of the growing region for the duration of the 15-day forecast. Attention now shifts to the temperature extremes, as widespread sub-zero lows will impact the HRW wheat belt and Corn Belt through the 1-5 day period, though the presence of snow cover should mitigate widespread winterkill damage. Looking ahead to Week Two, the temperature pattern bifurcates, with significant warming of 5-10 degrees above normal returning to the Plains and western Corn Belt, while the eastern United States remains locked in persistent below-normal temperatures through early February.

Grains



To try to better quantify the progress for this crop year's harvest, I created a model to project the expected harvest completion for each state in Brazil. Essentially, I took this season's planting progress dates and applied the average historical maturity timeline to project where the harvest *should* be right now. This gives us a clean, theoretical baseline to compare against the actual combines running in the field, helping us spot whether the crop is dragging behind or making up time. I then used these state projections to create a projection for the entire country's harvest progress, weighting the overall harvest progress by the percent of overall soybean production in each state. This gives Mato Grosso's harvest pace a much stronger effect on the early Brazilian harvest projection than, for example, Bahia, since Mato Grosso accounts for roughly a third of soybean production while Bahia only accounts for ~5%.

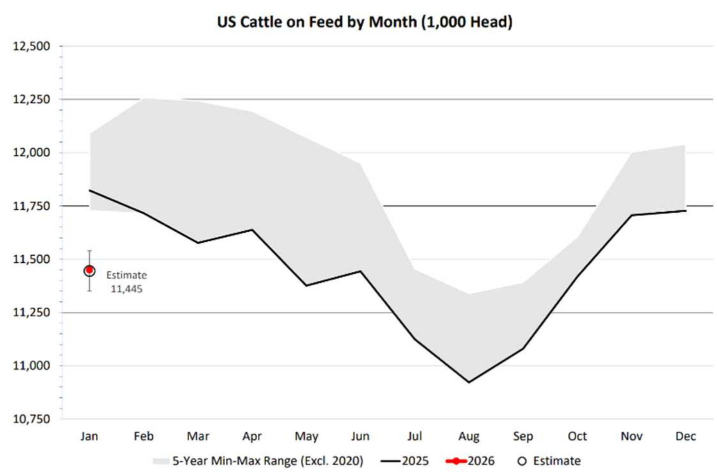


The results are actually pretty surprising: the time between planting and harvesting has, so far, been shorter for this crop year than the historical average, effectively erasing a good chunk of the planting delay. In Mato Grosso, for example, the model predicted we would only be at 3.1% harvested as of Jan 17th based on when those seeds went into the ground, but the actual reports came in at 6.4%. While this percent completion is still behind the 5-year average of 9.2% for that week, IMEA projected that Mato Grosso was ~14% done with harvest as of Jan 23rd, which returns the state to near the 5-year average of 16.8% for harvest completion. We are seeing a similar trend in Paraná, where our model expected zero activity this week, yet they are already at 2.0% complete. This tells us the crop cycle has shortened—likely due to recent heat or variety selection—and producers are actively "buying back" days on the calendar. This should help to avoid issues with getting the safrinha corn crop into the ground on time.

The big takeaway here is that the delays in harvest progress from normal could close faster than anticipated, helping to avoid damaging delays to the safrinha corn crop planting. While we are still trailing the long-term averages on a national level, if this trend holds, we could see the harvest timeline largely normalize by the middle of February, meaning the logistical bottleneck we feared might end up being much shorter lived than the initial planting schedule suggested.

Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

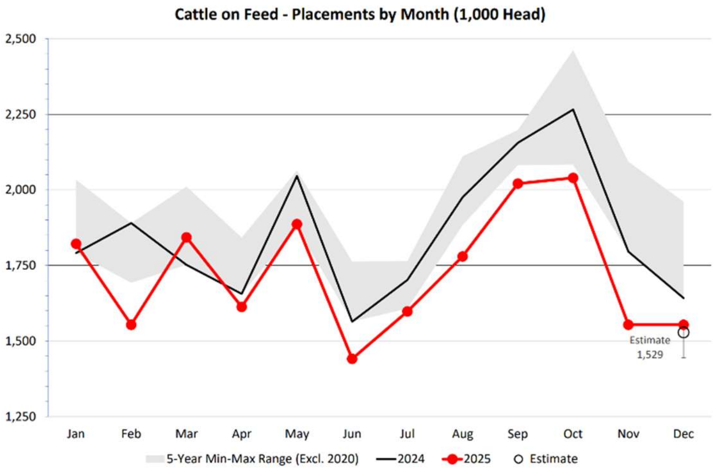
Livestock

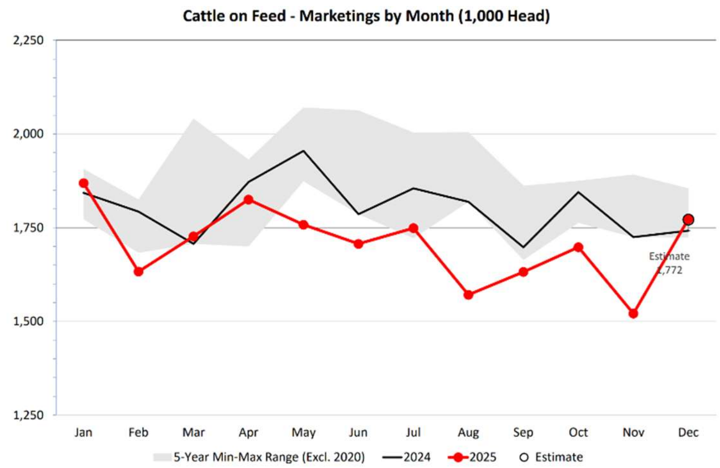


The USDA released its January 1 Cattle on Feed report this afternoon, presenting data that largely validates the pre-report thoughts on inventory contraction while offering a modest deviation in placement volume. As anticipated, the report confirms a continued tightening of fed cattle supplies, with the total On-Feed inventory arriving at 11.450 million head—virtually identical to the average estimate of 11.445 million and representing 96.8% of the previous year. This marks the smallest January 1 inventory since 2018, solidifying the narrative of a structural decline in feedlot numbers.

Placements provided the primary point of divergence from the average pre-report expectations. December placements totaled 1.554 million head (94.6% of last year), coming in above the average estimate of 1.529 million head (93.1%). While this figure exceeds the consensus point forecast, it critically remains within the surveyed range of 88.0%–95.4%. Consequently, while the seasonal erosion in placement totals was less severe than the average estimates predicted, the data does not suggest a fundamental shift in the supply trend; placements are still down roughly 5% year-over-year.

Regarding the composition of the herd, we were closely monitoring the heifer mix for signs of retention. The number of heifers on feed slipped 3% from the previous year to 4.44 million head. However, as a percentage of total inventory, heifers accounted for approximately 38.7% of the total—failing to slip below the 38% threshold we identified as a key indicator for significant retention. This suggests that while we are seeing a reduction in heifer placements, the aggressive shift toward herd rebuilding has yet to fully materialize in the feedlot data.





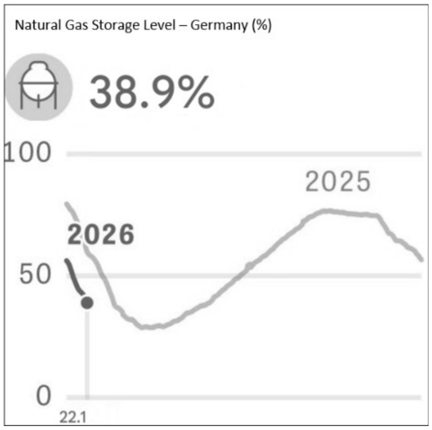
Marketings performed almost exactly as modeled, totaling 1.773 million head (101.8% of last year), aligning with the estimate of 1.772 million. As noted in our pre-report comments, this year-over-year increase is heavily distorted by the calendar. When adjusting for the additional business day in December 2025 versus 2024, the underlying marketing pace remains consistent with the sluggish processing rates observed in recent months, continuing to support the trend of heavier carcass weights.

Livestock commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Metals

Friday was a relatively historic day for metals. Silver has shattered through the psychological $100/oz barrier (+43% YTD), while Gold is trading *just* shy of $5,000/oz (+15%) after posting its strongest weekly performance since 2008. **Weekend Update: Gold opened the Sunday night session just over $5000/oz and shot to $5087+ overnight.** Platinum has gone nearly vertical in the past two days, hitting a new all-time high of ~$2,765 (+22%), while Palladium has squeezed back above $2,000 for the first time in 3 years (+16%). The intensity of this move is highlighted by the divergence from equity markets; while metals are vertical, the S&P 500 is stagnant. Although the Mag 7 staged a recovery since Tuesday's ~$680bn drawdown, the broader equity market remains effectively unchanged year-to-date. This confirms that the capital flooding into metals is not chasing a risk-on tech rally, but is rather a flight to quality seeking outside protection.

The rally seems to be more-and-more viewed as structural as geopolitical risk has driven investors towards hard assets. The "debasement trade" has gone global, evidenced by Japanese Government Bond (JGB) yields hitting record highs this week following a massive selloff. When the debt markets of the US and Japan shake simultaneously, it makes sense that capital would seek some independence from the system. This also explains why Central Banks like Poland are aggressively buying spot gold; they are de-risking their reserves. Additionally, the uncertainty around President Trumps push for US control of Greenland seemed to have further attracted investors towards precious metals.



There is also a potential for supply-side risk to the NY futures market in the form of a logistical bottleneck of these precious metals. Comex delivery requires 100oz or 1kg bars, while global stockpiles (London) are in 400oz bars. To bridge this gap in the case a shortage, metal must be routed through Swiss refiners to be melted and recast. With German gas storage at critical levels—currently 20% lower than last year—and industrial rationing looming due to high usage during extreme cold weather, these refiners are at high risk of shutdown. If these refiners go offline, insufficient physical supply could cause a new major market squeeze.

Macro/Financials commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Today's Calendar (all times Central)

- Durable/Cap Goods – 7:30 AM
- Export Inspections – 10:00 AM

Thanks for reading,

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